MARLBORO COUPON MAILING
PROJECT BRIEF
February 7, 1996

BACKGROUND
Marlboro will begin utilization of a loyalty model in 2Q96. Based on this model, audience segmentation will now be approached differently: Smokers will no longer be selected based on their regular brand (Marlboro vs. Competitive). Instead, selection will be based on their share of purchase levels. [For instance, if Marlboro is trying to initiate conversion, they may select all smokers in the 11% - 49% SOP range.]

Further, when determining the best strategy against these smokers, we also need to understand prior response behavior -- More specifically, responsiveness to couponing.

SITUATION
Historically, Marlboro smokers have not received coupons; therefore, coupon usage data is only available for competitive smokers. [There is only an offensive coupon model in existence.]

However, since our ultimate goal is to have one collective pool of smokers, we need to develop a coupon responsiveness model against the entire base of Marlboro accessible smokers.

MAILING OBJECTIVES
- Develop a coupon mailing to a random sample of Marlboro accessible smokers to assess responsiveness
- Build a coupon response model for Marlboro to allow better segmentation/ selection within loyalty buckets
- Gain learning about the optimal coupon values

CREATIVE
Simple, Straightforward coupon mailing:
- The coupon should have a more immediate expiration date
- Each coupon should be personalized with the smoker's OCR code

TESTING OPTION: Test coupon values: $2 versus $3 carton coupon
Rationale: Coupon values were tested for the '93 Volume Mailing to competitive smokers: $2, $3, and $4 carton coupons. The findings showed us that the $3 value was the optimal offer...Meaning, the incremental response generated outweighed the increased cost of the coupon itself.

Note: Brand to develop a more detailed creative brief

AUDIENCE
A random sample of Marlboro Accessible smokers (Marlboro and Competitive).
Quantity: 200M (100M of each coupon value)

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TRACKING RESULTS

We will need to expedite the process of analyzing coupon redemption:

- CMS should be advised of this program early in the process. All coupons with this specified UPC code will be turned around as quickly as possible.
  Note: We considered the possibility of using a separate PO Box; however, CMS does not recommend this approach. Most retailers are familiar with the standard PM return address, and automatically use this -- They will not notice a new address; thus, creating more confusion on the back-end.
- LBCo/Richmond will be advised to ensure efficient loading of all responses.
- All data will be immediately forwarded to MSA.

TIMING

A "rough" timetable allows the model to be available by September:

	Scheduled Date
- Project Brief Provided	w/o 2/5
- Creative Brief Developed	w/o 2/12
- Creative Approved	w/o 3/11
- Audience Pull Initiated	w/o 3/11
- Mail Drops	w/o 4/8
- Coupon Redemption Deadline	5/15
- Retailers return bulk of coupons	w/o 7/15
- CMS Redemption Processing	w/o 7/29
- Data Forwarded to MSA and Richmond	w/o 8/5
- Results Compiled/Model Developed	w/o 9/2
- Model Applied to DM Database	w/o 9/16

BUDGET

The budget assumes:

- A 40% redemption rate for $3 coupon, or 40M responders
- A 32% redemption rate for $2 coupon, or 32M responders

The budget is estimated as follows:

- Creative (200M @ $.80/piece)	$160,000
- Coupon Processing Costs (72M @ $.08)	$ 5,760
- Coupon Redemption (40M @ $3; 32M @ $2)	$184,000
Estimated Budget	$349,760

NEXT STEPS

Brand to review above proposal and provide direction/approval to proceed.

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